

# ***Silver Flag Exercise Site***

---

***I n t e g r i t y - S e r v i c e - E x c e l l e n  
c e***

## **Cost and other “CAP” Contracts**



**U.S. AIR FORCE**

---

*This Briefing is: UNCLASSIFIED*



# ***Why do you need to know?***

**U.S. AIR FORCE**

---



- **Where is the first office customers go to about contractors?**
- **Possible solution for your requirement**
- **More oversight**
  - **Assist in Quality Assurance**
  - **Help ensure cost control**
- **Duplication**

***As a CCO you are NOT the AFCAP Contracting Officer***  
**If AFCAP is/should be recommended (due to complexity, etc.) refer your customer to the proper agency ... be that “business advisor”**

---

***Integrity - Service - Excellence***



**U.S. AIR FORCE**

# ***Cost Contracts Terms and Definitions***

---

- **AFCAP: Air Force Contract Augmentation Program (USAF)**
- **LOGCAP: Logistics Civil Augmentation Program (USA)**
- **Definition of a Cost-reimbursement contracts**  
***FAR 16.301-1, Description:***
  - **Cost-reimbursement types of contracts provide for payment of allowable incurred cost, to the extent prescribed in the contract**
  - **Suitable for use when uncertainties involved in contract performance do not permit cost to be estimated with sufficient accuracy to use any type of FFP Contract**
- **Who assumes all risk with a cost contract?**

---

***Integrity - Service - Excellence***



# ***Policies & Constraints***

**U.S. AIR FORCE**

---

- **Initial response to the U.S. War on Terrorism**
- **Available to any DoD, federal, state or governmental agency**
- **AF requests channeled through a MAJCOM/CE (ensures programming, funding and verifies execution method)**
- **Provide beddown materials (relieve strain on WRM) in a combatant or non-combatant environment**
- **Good for sustainment in protracted operations, restoration, recovery, and reconstitution**
- **Other potential use considerations:**
  - **Reduction of military footprint, fulfill military personnel shortfalls**
  - **Political concerns & host nation sensitivities**
  - **Preparatory actions prior to commitment/show of military forces**

---

***Integrity - Service - Excellence***



U.S. AIR FORCE

# Are Cost Contracts More Expensive?

Many government deployment costs are ind and **not visible** in the normal planning process



## Military costs

- Labor
- Housing
- Subsistence
- Medical
- Dental
- Clothing
- Training
- Passports/Visas



## Equipment Costs

- Equipment handling
- Rental/Lease
- Storage
- Equipment maintenance
- Storage site upkeep
- Equipment depreciation
- Reconstitution

## Transportation Costs

- Travel & per diem
- Freight movement
- Port & Customs fees
- Temporary storage fees
- Freight handling



## Communications Costs

- INMARSAT phones
- Tactical radios
- Computers & printers

*Integrity - Service - Excellence*

# Sample

## ROM

### Rough Order of Magnitude

Cost Description	Number of Personnel	Sustainment Cost w/Uplifts	Mob/Demob Cost	Total Cost
<b>Management</b>				
Program Management Offices	LS			\$ 289,744
"Back Shop" Support	LS			\$ 312,000
SWA Overtime Pool	LS			\$ 58,690
Subtotal:				\$ 660,436
<b>Al Udeid, Qatar</b>				
- Site Manager (RMS)	1	\$ 221,312	\$ 4,074	\$ 225,386
- Program Controls (RMS)	1	\$ 139,277	\$ 2,894	\$ 142,171
- Engineer (RMS)	1	\$ 170,227	\$ 3,538	\$ 173,765
- Construction Manager (RMS)	2	\$ 324,979	\$ 5,463	\$ 330,443
- Construction Manager (Fluor)*	1	\$ (49,100)	\$ 15,808	\$ (33,292)
- Procurement (Fluor)**	2	\$ 503,666	\$ 14,960	\$ 518,626
* Temporary, 3 months credit from "interim" Forward Cell				
** Includes 3 months credit from "interim" Forward Cell				
Subtotal (Personnel minus temporary Fluor CM):	7			\$ 1,357,098
<b>Subtotal Labor:</b>				<b>\$ 2,017,533</b>
<b>Travel, Per Diem</b> (including R&R Costs)				\$ 82,994
<b>Medical, Passports, Visas, License, etc.</b>				\$ 18,606
<b>Vehicles</b>				\$ 52,800
<b>Modular Office and Furnishings/Equipment</b>				\$ 129,490
<b>Off-Base Accommodation Option</b>				\$ -
<b>RMS Uniforms, Safety Equipment, Ref Matl</b>				\$ 6,822
<b>Other ODCs</b> (DBA, insurance, tax, phones, computers, misc)				\$ 145,753
<b>Subtotal ODCs:</b>				<b>\$ 436,465</b>
<b>Subtotal Direct:</b>				<b>\$ 2,453,998</b>
G&A (@ 3.5%):				\$ 85,890
Subtotal:				<b>\$ 2,539,888</b>
Base Fee (@ 1%):				\$ 25,399
Award Fee @ 6%:				\$ 152,393
<b>Total</b>				<b>\$ 2,717,680</b>
<b>Assumptions:</b>				
1. Length of support will be for six months with 70-hour work weeks with an overtime pool.				
2. RMS provided off-base housing ("Off-Base Accommodation Option") -- <b>N/A</b> .				
3. Meals provided by government at deployed location during on-site work hours.				
3. Vehicle fuel provided by government at Al Udeid.				
4. Previously funded "interim" support included (credited) in this support -- all ending O/A the same date. Fluor CM provides transition to RMS CM personnel, then departs				
5. Off-base Accommodation Option provides for the cost of off-base housing, estimate includes off-setting payroll savings from special "substandard" housing allowances.				

← "Product"

← "Overhead"

← "Fees"

← "Bottom-Line"  
\$2.7M for 8 man Design Cell





**U.S. AIR FORCE**

# ***Basic Premise Broad Range of Capabilities***

- **Installation Support Services**
  - Fill military personnel shortfalls
  - Sustainment
  - Reconstitution
  - Home station backfills
- **Contingent Logistics**
  - War reserve materiel augmentation
  - Vehicles & Heavy Equipment Lease
  - Humanitarian relief support
- **Construction**
  - Expeditious planning, design/build
  - Emergency support, disaster/base recovery
  - Site restoration



***I n t e g r i t y - S e r v i c e - E x c e l l e n c e***



U.S. AIR FORCE

# ***Basic Premise*** ***When ~~SHOULD~~ they be*** ***Used?***

**Initial Phase**

**Sustainment Phase**

**World  
Crisis**

**AEF  
CENTER**  
RED HORSE  
Prime BEEF

**Military  
Immediate  
Response**

**Hostile**

**RED HORSE or  
Prime BEEF  
Sustainment**

**Non  
Hostile**

**RED HORSE  
or Prime BEEF  
Sustainment**

**Contractor  
Sustainment  
(AFCAP)**

***Integrity - Service - Excellence***





U.S. AIR FORCE

# ***Basic Premise When to Use?***

## ■ **Cost Contracts are the right choice when...**

### ■ **Customer perspective**

- Provides commanders a resource option to augment or relieve operations
- When extended ops are foreseen
- When necessary to reduce dependence on scarce war reserve stockpiles
- When there's a manpower shortfall

### ■ **Air Staff perspective**

- When requirements exceed troop ceiling
- When political/operational concerns influence military footprint





U.S. AIR FORCE

# AFCAP and LOGCAP Websites

## AFCAP Website:

<http://www.afcesa.af.mil/>

## LOGCAP Website:

<http://www.amc.army.mil/LOGCAP/>



***Integrity - Service - Excellence***



**U.S. AIR FORCE**

# *Questions?*



***Integrity - Service - Excellence***